



GRAND DUCHY OF LUXEMBOURG

EUR 1.25bn 3.000% 10-Year and EUR 1.75bn 3.250% 20-year - Dual Tranche Benchmark

PRESS RELEASE - Tuesday, the 22nd of February 2023

Bond summary Terms

Issuer	Grand Duchy of Luxembourg	
Rating	Aaa / AAA / AAA (all stable)	
ISIN	LU2591860569	LU2591861021
Size	EUR 1.25bn	EUR 1.75bn
Pricing Date	22 nd February 2023	
Settlement Date	2 nd March 2023 (T+6)	
Maturity Date	2 nd March 2033 (10 year)	2 nd March 2043 (20 year)
Coupon	3.000%	3.250%
Spread to Mid-Swaps	MS flat	MS+40 bps
Re-offer Yield	3.107%	3.323%
Re-offer Price	99.092%	98.946%
Spread vs Bunds	+57.3 bps vs 02/33	+73.6 bps vs 07/42

Lead Managers BCEE, BGL BNP Paribas, BIL, Deutsche Bank and Société Générale

Transaction Summary

- On Wednesday 22nd February 2023, the Grand Duchy of Luxembourg, rated Aaa / AAA / AAA (all stable), returned to the Euro debt capital markets for the first time in 2023 with a new syndicated bond issue consisting of a EUR 1.25bn 10-year and a EUR 1.75bn 20-year dual tranche offering.
- The raised funding of a total amount of EUR 3bn contributes to lengthen Luxembourg's average debt maturity. This is also the largest bond transaction ever issued by the Grand Duchy of Luxembourg.
- The new 10-year and 20-year dual tranche benchmark bonds further complete the Luxembourg government bond ("LGB") curve with two liquid points while taking advantage of the relatively flat yield curve. The 10-year tranche due 2nd March 2033 carries a 3% annual coupon implying a reoffer yield of 3.107% and the 20-year benchmark due 2nd March 2043 carries a 3.25% annual coupon reflecting a yield of 3.323%.
- The two tranches were quickly oversubscribed as they received strong support from a high-quality investor base highlighting Luxembourg's status as a safe haven asset for global investors.
- Joint lead managers for the transaction were BCEE, BGL BNP Paribas, BIL, Deutsche Bank and Société Générale.



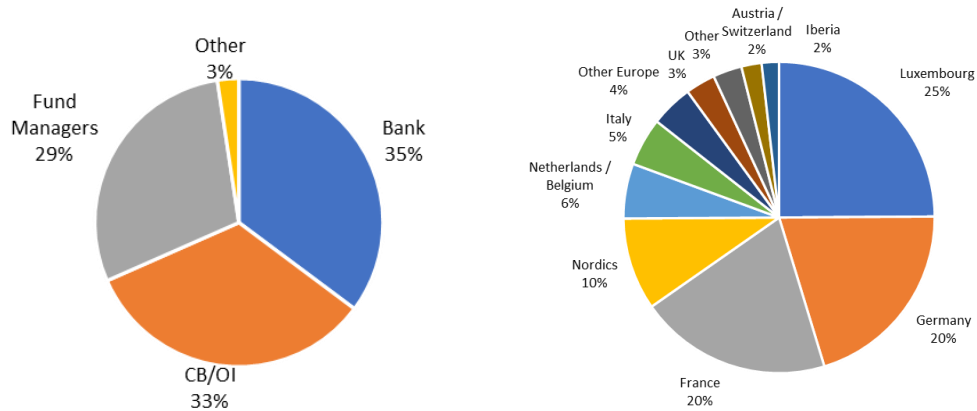
Pricing and Execution

- The mandate of the new Grand Duchy of Luxembourg dual tranche benchmark was announced on Tuesday 21st of February 2023 at 12:32 CET.
- On Wednesday 22nd of February 2023 books officially opened at 09:00am CET with a spread guidance of MS+4bps area on the new 10-year benchmark tranche and MS+42bps area on the 20-year benchmark tranche.
- The order book grew quickly with orders over EUR4.7bn (excl. JLM interest) for the 10-year tranche and over EUR3.5bn (excl. JLM interest) for the 20-year tranche enabling to revise the initial guidance to MS+2bps area on the new 10-year benchmark tranche and MS+41bps area on the 20-year benchmark tranche.
- A further update was communicated to the market at 11:54am as books continued to grow in excess of EUR5.6bn (excl. JLM interest) on the new 10-year benchmark tranche while investor interest exceeded EUR5.1bn (excl. JLM interest) on the 20-year maturity. This allowed to set the spread at MS flat on the new 10-year tranche and at MS+40bps on the 20-year benchmark tranche. At 13:07 CET the issue size was set EUR 1.25bn on the 10-year leg and EUR 1.75bn on the 20-year. Books closed in excess of EUR6.2bn and EUR6.5bn respectively. The transaction was finally priced at 15:09 CET.

Distribution Summary

- Luxembourg gathered firm investor demand from a wide range of domestic and international accounts with over 124 orders in the 10-year and 135 investors involved in the 20-year. In terms of distribution the 10-year tranche was slightly skewed towards banks followed by central banks/Official institutions and fund managers. On the 20-year the bulk was placed to fund managers followed by Central banks/Official institutions and banks as detailed here below.

EUR 1.25bn 3.000% 10-Year Benchmark



EUR 1.75bn 3.250% 20-year Benchmark

